

**TWIN CREEKS  
SPECIAL SERVICE DISTRICT  
A COMPONENT UNIT OF WASATCH COUNTY**

**Financial Statements**

December 31, 2006

**TWIN CREEKS  
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Financial Statements  
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# HAWKINS CLOWARD & SIMISTER

CERTIFIED PUBLIC ACCOUNTANTS, LC

DAVID A. CLOWARD, CPA  
KEVIN L. SIMISTER, CPA  
O. JEFFERY WILDE, CPA  
MARK D. WHITTAKER, CPA  
DENTON R. ALEXANDER, CPA  
D. ERIC NUTTALL, CPA  
MARK L. HALE, CPA  
BRUCE D. GARFIELD, CPA  
CLINT L. PETERSON, CPA  
ANGELA ANDERSON, CPA

RICHARD E. HAWKINS, CPA  
KEITH T. BORUP, CPA  
RONALD K. HAWKINS, CPA

## INDEPENDENT AUDITORS' REPORT

Honorable Administrative Board Members  
Twin Creeks Special Service District  
Heber City, Utah

We have audited the accompanying financial statements of Twin Creeks Special Service District, a component unit of Wasatch County, as of and for the year ended December 31, 2006, as listed in the table of contents. These financial statements are the responsibility of Twin Creeks Special Service District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Twin Creeks Special Service District as of December 31, 2006, and the changes in its financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 25, 2007 on our consideration of Twin Creeks Special Service District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and

not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages MDA-1 through MDA-6 is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The accompanying Schedule of Water Impact Fee Activities on page 25 and Schedule of Sewer Impact Fee Activities on page 26 are supplementary information required by *Utah Code Sections* 10-5-129, 10-6-150, 17-36-37, and 17A-1-4, and are not a required part of the basic financial statements. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Hawkins Cloward + Simister, LLC*

HAWKINS CLOWARD & SIMISTER, LC

CERTIFIED PUBLIC ACCOUNTANTS

May 25, 2007

# **TWIN CREEKS SPECIAL SERVICE DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Twin Creeks Special Service District, we offer readers of the District's financial statements this narrative overview and analysis of the District's financial performance during the year ending December 31, 2006. Please read it in conjunction with the District's financial statements and additional information that we have furnished in the Independent Auditors' Report.

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### **FINANCIAL HIGHLIGHTS**

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- The District's total net assets increased from \$8,057,194 to \$8,798,509 due to ongoing engineering and construction of sewer and water infrastructure creating warrants payable and accounts payable.
- The District's operating expenses are largely the result of operation and maintenance of additional facilities and the upgrade repair work completed on existing facilities. As the District continues to grow additional facilities, employees, equipment, vehicles etc. will be added causing an increase in expenses.
- The District's revenues are mainly Water Reserve fees, charges for services, and bond assessments.

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### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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This annual report includes the Management's Discussion and Analysis, the Independent Auditors' Report and the basic financial statements of the District. The financial statements also include notes that explain in more detail some of the information in the financial statements.

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### **REQUIRED FINANCIAL STATEMENTS**

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The financial statements of the District report information of the District accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about the District's activities. The Statement of Net Assets includes all of the District's assets and liabilities and provides information about the nature and amounts of investments and resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Assets. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all of its costs through its fees and other charges, and to determine its profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financial activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

# TWIN CREEKS SPECIAL SERVICE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)

### FINANCIAL ANALYSIS OF THE DISTRICT

The Statement of Net Assets, and the Statement of Revenues, Expenses, and Changes in Net Assets report the net assets of the District and the change in them. The District's net assets, or the difference between assets and liabilities, is one way to measure financial health or financial position. Over time, increases or decreases in the District's net assets will be one indicator of whether its financial health is improving or deteriorating. However, in the future one will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed government legislation.

### NET ASSETS

**Table A-1  
Statement of Net Assets  
2006**

	<u>2006</u>	<u>2005</u>	<u>Dollar Change</u>	<u>Total Percent Change</u>
Current and Other Assets	\$ 2,884,985	\$ 2,477,797	\$ 407,188	16%
Capital Assets	<u>10,273,952</u>	<u>10,405,746</u>	<u>(131,794)</u>	(1)
Total Assets	<u>\$13,158,937</u>	<u>\$ 12,883,543</u>	<u>\$ 275,394</u>	2
Long-term Liabilities	\$ 3,703,628	\$ 4,141,323	\$ (437,695)	(11)
Other Liabilities	<u>656,800</u>	<u>685,026</u>	<u>\$ (28,262)</u>	(4)
Total Liabilities	<u>\$ 4,360,428</u>	<u>\$ 4,826,349</u>	<u>\$ (465,921)</u>	(10)
Invested in Capital Assets, Net of Related Debt	\$ 7,227,631	\$ 7,056,890	\$ 170,741	2
- Restricted	1,618,978	900,873	718,105	80
- Unrestricted	<u>(48,100)</u>	<u>99,431</u>	<u>(147,531)</u>	(148)
Total Net Assets	<u>\$ 8,798,509</u>	<u>\$ 8,057,194</u>	<u>\$ 741,315</u>	9

The District's Net Assets increased by \$ 741,315 due to an increase in customer base to support expenses during on-going construction, maintenance and repair of the infrastructure within the District.

# TWIN CREEKS SPECIAL SERVICE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)

### NET ASSETS (cont.)

**Table A-2  
Statement of Revenues,  
Expenses, and Changes in Net Assets  
2006**

	<u>2006</u>	<u>2005</u>	<u>Dollar Change</u>	<u>Total Percent Change</u>
Operating Revenues	\$ 729,620	\$ 649,998	\$ 79,622	12%
Nonoperating Revenues	<u>62,815</u>	<u>28,789</u>	<u>34,026</u>	111
Total Revenues	<u>\$ 792,435</u>	<u>\$ 678,787</u>	<u>\$ 113,648</u>	17
Depreciation Expense	152,935	154,513	(1,578)	(1)
Amortization Expense	5,695	5,695	0	0
Other Operating Expense	457,555	394,014	63,541	16
Nonoperating Expense	<u>135,389</u>	<u>115,038</u>	<u>20,351</u>	18
Total Expenses	<u>\$ 751,574</u>	<u>\$ 669,260</u>	<u>82,314</u>	12
Income (Loss) Before Capital Contributions	40,861	9,527	31,334	
Capital Contributions	700,454	1,062,713	(362,259)	(34)
Changes in Net Assets	741,315	1,072,240	(330,925)	(31)
Beginning Net Assets	<u>798,509</u>	<u>6,984,954</u>	<u>1,072,240</u>	15
Ending Net Assets	<u>\$ 8,837,260</u>	<u>\$8,057,194</u>	<u>\$ 741,315</u>	<u>9</u>

While the Statement of Net Assets shows the change in financial position of net assets, the Statement of Revenues, Expenses, and Changes in Net Assets provides answers as to the nature and source of these changes. There was an overall increase in net assets of \$ 741,315.

# TWIN CREEKS SPECIAL SERVICE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)

### CAPITAL ASSETS

**Table A-4  
Capital Assets  
2006**

	<u>2006</u>	<u>2005</u>	<u>Dollar Change</u>	<u>Total Percent Change</u>
Capital assets, Land, water rights, and construction in progress	\$ 4,091,361	\$ 4,091,086	\$ 275	% 0
Capital assets, depreciable buildings and equipment,	7,388,504	7,374,229	14,275	% 0
Less: Accumulated depreciation	<u>1,205,913</u>	<u>1,059,569</u>	<u>146,344</u>	% (12)
Capital assets, net	<u>\$ 10,273,952</u>	<u>\$ 10,405,746</u>	<u>\$ (131,794)</u>	% (1)

The District's Capital Plan includes the construction of water and sewer lines. The increase in capital assets is the result of investments in property, plant equipment purchase and upgrades.



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## **TWIN CREEKS SPECIAL SERVICE DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)**

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#### **DEBT ADMINISTRATION**

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The District has loans that are used to help finance the cost of infrastructure within the District. See the Notes to the Financial Statements for further information.

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#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

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The County Council and management of the District considered many factors when setting the year 2007 budget. One of those factors is the local economy and the impact our rates will have on local property owners. Additional establishments of water and sewer policies will be completed in 2007 so that the District may operate under implemented ordinances and policies. A water and sewer impact fee analysis study was completed, and the District's rate structure was put into place in 2003. This rate structure is competitive with other Special Service Districts' rate structures within Wasatch County. The District expects to receive water shares in the future. As they are received the value will be based on the current market.

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#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGER**

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This financial report is designed to provide our customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Twin Creeks Special Service District, 55 South 500 East, Heber City, Utah 84032.

## **FINANCIAL STATEMENTS**

The financial statements include integrated sets of financial statements as required by accounting principles generally accepted in the United States of America. The statements include:

Statement of Net Assets

Statement of Revenues, Expenses, and Changes in Net Assets

Statement of Cash Flows

**TWIN CREEKS  
SPECIAL SERVICE DISTRICT  
A COMPONENT UNIT OF WASATCH COUNTY  
Statement of Net Assets  
December 31, 2006  
With Comparative Totals for December 31, 2005**

**ASSETS**

	2006	2005
<b>Current Assets</b>		
Cash and cash equivalents (Notes 1 and 2)	\$ 32,982	\$ 32,374
Accounts receivable (Note 1)	143,521	149,041
Current portion special assessment receivable (Note 4)	155,380	221,143
Total current assets	<u>331,883</u>	<u>402,558</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Notes 1 and 2)	1,642,905	1,003,085
Special assessment receivable (Note 4)	870,666	1,026,928
Capital assets (Notes 1 and 7)		
Land, water rights and construction in progress	4,091,361	4,091,086
Depreciable buildings and equipment, net	6,182,591	6,314,660
Bond issuance costs (net of \$35,489 and \$29,794 accumulated amortization, respectively)	39,531	45,226
Total noncurrent assets	<u>12,827,054</u>	<u>12,480,985</u>
Total assets	<u>\$ 13,158,937</u>	<u>\$ 12,883,543</u>

**LIABILITIES**

<b>Current Liabilities</b>		
Accounts payable	\$ 118,856	\$ 105,066
Payroll and related liabilities	10,259	7,897
Due to other governmental entities	17,296	4,388
Accrued interest payable	72,990	81,539
Current portion note payable (Note 5)	6,244	5,849
Current portion bonds payable (Note 5)	275,775	259,144
Current portion deferred special assessment revenue (Notes 4 and 5)	155,380	221,143
Total current liabilities	<u>656,800</u>	<u>685,026</u>
<b>Noncurrent Liabilities</b>		
Note payable (Note 5)	535	6,337
Bonds payable (Note 5)	2,827,225	3,102,856
Deferred special assessment revenue (Notes 4 and 5)	870,666	1,026,928
Accrued compensated absences (Note 1)	5,202	5,202
Total noncurrent liabilities	<u>3,703,628</u>	<u>4,141,323</u>
Total liabilities	<u>\$ 4,360,428</u>	<u>\$ 4,826,349</u>

**NET ASSETS (NOTES 1 AND 10)**

Invested in capital assets, net of related debt	\$ 7,227,631	\$ 7,056,890
Restricted for		
Contractual agreement	79,863	79,863
Capital projects	1,125,912	588,169
Debt service	413,203	232,841
Unrestricted (deficit)	<u>(48,100)</u>	<u>99,431</u>
Total net assets	<u>\$ 8,798,509</u>	<u>\$ 8,057,194</u>

**TWIN CREEKS**  
**SPECIAL SERVICE DISTRICT**  
A COMPONENT UNIT OF WASATCH COUNTY  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
For the Year Ended December 31, 2006  
With Comparative Totals for the Year Ended December 31, 2005

	2006	2005
<b>Operating Revenues</b>		
Charges for services	\$ 386,412	\$ 310,377
Water reserve	54,083	16,621
Bond assessments	274,396	306,989
Miscellaneous	14,729	16,011
Total operating revenues	<u>729,620</u>	<u>649,998</u>
<b>Operating Expenses</b>		
Payroll and related benefits	178,171	157,489
Insurance	20,863	14,235
Management fee	2,553	41,396
Telephone and utilities	27,760	26,326
Legal, professional, and technical	99,444	114,433
Materials, supplies, and services	122,716	35,640
Miscellaneous	6,048	4,495
Depreciation	152,935	154,513
Amortization	5,695	5,695
Total operating expenses	<u>616,185</u>	<u>554,222</u>
Operating income	<u>113,435</u>	<u>95,776</u>
<b>Nonoperating Revenues (Expenses)</b>		
Loss on disposal of assets	(32,637)	
Interest revenue	62,815	28,789
Interest expense	(102,752)	(115,038)
Total nonoperating revenues (expenses)	<u>(72,574)</u>	<u>(86,249)</u>
Income before contributions	<u>40,861</u>	<u>9,527</u>
<b>Capital Contributions</b>		
Forgiveness of debt		38,500
Water shares		567,639
Infrastructure		6,635
Impact fees (net of discounts of \$50,252 and \$46,902, respectively)	700,454	449,939
Total capital contributions	<u>700,454</u>	<u>1,062,713</u>
<b>Change in Net Assets</b>	741,315	1,072,240
Net assets – beginning of year	<u>8,057,194</u>	<u>6,984,954</u>
Net assets – end of year	<u>\$ 8,798,509</u>	<u>\$ 8,057,194</u>

**TWIN CREEKS  
SPECIAL SERVICE DISTRICT  
A COMPONENT UNIT OF WASATCH COUNTY  
Statement of Cash Flows**

For the Year Ended December 31, 2006  
With Comparative Totals for the Year Ended December 31, 2005

	2006	2005
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$ 460,744	\$ 326,585
Bond assessment receipts	274,396	306,989
Payments to suppliers	(252,686)	(296,227)
Payments to employees	(175,809)	(158,865)
Net cash provided by operating activities	<u>306,645</u>	<u>178,482</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from debt		16,500
Capital contributions – impact fees	700,454	449,939
Capital contributions – forgiveness of debt		38,500
Purchases of capital assets	(16,500)	(59,594)
Construction of capital assets	(37,278)	
Principal paid on debt	(264,407)	(822,471)
Interest paid on debt	(111,301)	(123,044)
Net cash provided (used) by capital and related financing activities	<u>270,968</u>	<u>(500,170)</u>
<b>Cash Flows from Investing Activities</b>		
Interest income	62,815	28,789
Net cash provided by investing activities	<u>62,815</u>	<u>28,789</u>
Net increase (decrease) in cash and cash equivalents	640,428	(292,899)
Balances – beginning of year	1,035,459	1,328,358
Balances – end of year	<u>\$ 1,675,887</u>	<u>\$ 1,035,459</u>
Cash and cash equivalents	\$ 32,982	\$ 32,374
Restricted cash and cash equivalents	1,642,905	1,003,085
	<u>\$ 1,675,887</u>	<u>\$ 1,035,459</u>
<i>Reconciliation of operating income to net cash provided by operating activities</i>		
Operating income	\$ 113,435	\$ 95,776
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	152,935	154,513
Amortization	5,695	5,695
Changes in assets and liabilities		
Decrease (increase) in accounts receivable	5,520	(16,424)
Decrease (increase) in prepaid expenses		6,416
Increase (decrease) in accrued liabilities	29,060	(67,494)
Net cash provided by operating activities	<u>\$ 306,645</u>	<u>\$ 178,482</u>
<i>Noncash capital and related financing activities</i>		
Capital contribution of water shares		\$ 567,639
Capital contribution of infrastructure		\$ 6,635

## NOTES TO FINANCIAL STATEMENTS

The notes to the financial statements are included to provide information that is essential to a user's understanding of the financial statements.

**TWIN CREEKS  
SPECIAL SERVICE DISTRICT**  
A COMPONENT UNIT OF WASATCH COUNTY

**Notes to Financial Statements**

December 31, 2006

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements and notes are representations of Twin Creeks Special Service District's management, which is responsible for their integrity and objectivity. They have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and present the financial position, the changes in its financial position, and cash flows of the District as of December 31, 2006, and for the year then ended. This summary of significant accounting policies of the District is presented to assist in understanding the financial statements.

**Reporting Entity**

Twin Creeks Special Service District (the District) is an enterprise fund type of the governmental entity Wasatch County operated similar to a private business enterprise. The intent of the governing body is that the costs of providing goods and services on a continuing basis to the general public within the District's boundaries be financed or recovered primarily through user charges for water sales, wastewater collection and treatment services, and special assessments.

**Component Unit**

Under the guidelines established by GASB 39, the District has been determined to be a component unit of Wasatch County for financial accounting purposes and is included as a blended component unit in the County's financial statements.

**Basis of Accounting**

Enterprise funds focus on measurement of the flow of economic resources. With this measurement focus, all assets and liabilities associated with the operation of this fund, both current and noncurrent, are included on the Statement of Net Assets. The accrual basis of accounting is utilized by enterprise funds. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred.

Enterprise funds follow all GASB pronouncements. In addition all Financial Accounting Standards Board (FASB) and Accounting Principles Board (APB) opinions pronouncements issued on or before November 30, 1989 are followed unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

**TWIN CREEKS  
SPECIAL SERVICE DISTRICT**  
A COMPONENT UNIT OF WASATCH COUNTY

**Notes to Financial Statements**

December 31, 2006

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting (Continued)**

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principle operating revenues of the District are charges to customers for water sales, wastewater collection and treatment services provided by the District, and special assessments. Operating expenses for the District include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

**Capital Assets**

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000.

The cost of maintenance and repairs is expensed as incurred; significant renewals and betterments are capitalized.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

	<u>Years</u>
Water Treatment Plant and Improvements	50
Sewer System	50
Water System	50
Vehicles	5
Equipment	5 – 10
Office Equipment	5 – 10

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the income for the period. See Note 7 for further information.



**TWIN CREEKS  
SPECIAL SERVICE DISTRICT  
A COMPONENT UNIT OF WASATCH COUNTY**

**Notes to Financial Statements**

December 31, 2006

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts Receivable**

Wasatch County passed an ordinance allowing the District to place a lien on any property with an overdue balance on the fees. The District will place a lien on the property if the account is ninety (90) days delinquent at September 1. The District will eventually collect the fees; therefore, an allowance for doubtful accounts is not recorded in the financial statements.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Budgeting**

The District's governing board adopts a budget for each calendar year prior to the beginning of the year. These budgets are amended during the year, as the board deems necessary, to accommodate current operations and are accepted by official vote of the board. The budget for the year ended December 31, 2006 was not amended.

**Compensated Absences**

The District's compensation policy permits employees to accumulate unused vacation. Portions of amounts accumulated at any point in time can be expected to be redeemed before termination of employment. Sick leave is forfeited at termination of employment and, therefore, is excluded from accrued compensated absences. The amount of accrued vacation is \$5,202 as of December 31, 2006. See Note 5 for additional information.

**Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. The District also carries commercial workers' compensation insurance. There were no significant reductions in coverage from the prior year, and settlement claims resulting from these risks have not exceeded the commercial insurance coverage in the last three years.

**TWIN CREEKS  
SPECIAL SERVICE DISTRICT  
A COMPONENT UNIT OF WASATCH COUNTY**

**Notes to Financial Statements**

December 31, 2006

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

The District defines cash and cash equivalents as all deposits in its checking and money market accounts, and all highly liquid debt instruments purchased with a maturity of three months or less. See Note 2 for additional information.

**Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by outside parties, creditors, grantors or laws or regulations of other governments. The District first utilizes restricted resources to finance qualifying activities. See Note 10 for additional information.

**NOTE 2 – DEPOSITS, INVESTMENTS, AND RESTRICTED ASSETS**

**Deposits and Investments**

The District follows the requirements of the Utah Money Management Act (*Utah Code* Annotated 1953, Section 51, Chapter 7) and the rules of the Utah Money Management Council in handling its depository and temporary investment transactions. Following are discussions of the District's exposure to various risks related to its cash management activities.

***Custodial Credit Risk***

***Deposits***

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the District's deposits may not be recovered. The District's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the District to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of December 31, 2006, \$78,016 of the District's bank balances of \$261,156 were uninsured and uncollateralized.

**TWIN CREEKS  
SPECIAL SERVICE DISTRICT**  
A COMPONENT UNIT OF WASATCH COUNTY

**Notes to Financial Statements**

December 31, 2006

**NOTE 2 – DEPOSITS, INVESTMENTS, AND RESTRICTED ASSETS (CONTINUED)**

**Deposits and Investments (Continued)**

***Custodial Credit Risk (Continued)***

*Investments*

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District does not have a formal policy for custodial credit risk of investments.

***Credit Risk***

Credit Risk is the risk that the counterparty to an investment transaction will not fulfill its obligations. The District's policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through the qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; bankers acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations; and shared in a money market fund as defined in the Act.

The District is also authorized to invest in the Utah Public Treasurer's Investment Fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

Following are the District's investments at December 31, 2006.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Quality Ratings</u>
PTIF investments	\$ 1,421,312	less than 1 year	not rated
Commercial paper	23,927	69 days *	A
	<u>\$ 1,445,239</u>		

\*Weighted-average maturity

**TWIN CREEKS  
SPECIAL SERVICE DISTRICT**  
A COMPONENT UNIT OF WASATCH COUNTY

**Notes to Financial Statements**

December 31, 2006

**NOTE 2 – DEPOSITS, INVESTMENTS, AND RESTRICTED ASSETS (CONTINUED)**

***Interest Rate Risk***

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The District manages its exposure to declines in fair value by investment mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

***Concentration of Credit Risk***

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy to limit this risk is to adhere to the rules of the Money Management Council. The Council's rule 17 limits investments in a single issuer of commercial paper and corporate obligation to between 5 and 10 percent depending upon the total dollar amount held in the District's portfolio at the time of purchase.

None of the District's investments in commercial paper exceed the limits established by the Council's rule 17.

**Restricted Assets**

The District issued Sewer Revenue Bonds and Sewer Assessment bonds during 1999. The bond covenants require the District to maintain a debt reserve equal to 10% of the initial bond issue. The District has placed these funds in escrow accounts with Zions Bank and PTIF. The balances in these accounts at December 31, 2006 were \$14,957 and \$191,275, respectively. The District established a second trust account with Zions Bank which is used to accrue funds for interest payments for the Sewer Revenue Bond. The balance in this account at December 31, 2006 was \$8,795.

The District has established two other PTIF accounts which are used for restricted funds related to outstanding debt. The balances in these accounts at December 31, 2006 were \$1,109 and \$46, respectively.

**TWIN CREEKS  
SPECIAL SERVICE DISTRICT  
A COMPONENT UNIT OF WASATCH COUNTY**

**Notes to Financial Statements**

December 31, 2006

**NOTE 2 – DEPOSITS, INVESTMENTS, AND RESTRICTED ASSETS (CONTINUED)**

**Restricted Assets (Continued)**

The District issued a Water Revenue bond in 1996. The bond covenants require the District to fund a debt reserve account for \$733 a month from date of bond issuance until the balance is equal to \$176,000. To this extent, the District has placed in reserve \$53,473 as of December 31, 2006. A trust account with Zions Bank was established with the issuance of this bond. The balance in this account at December 31, 2006 was \$175.

The District issued a Sewer Assessment bond in 2004. The bond covenants require the District to fund a debt reserve over 10 years until the balance is equal to \$45,000. To this extent, the District has placed in reserved \$10,161 as of December 31, 2006.

The District issued a Water Revenue bond in 2004. The bond covenants require the District to fund a debt reserve account for \$70 a month from date of bond issuance until the balance is equal to \$5,000. To this extent, the District has placed in reserve \$2,480 as of December 31, 2006.

The District collects developer determined assessments and holds the funds until such time as the developer requests. The District held funds totaling \$79,863 as of December 31, 2006.

In 2001, the District began collecting impact fees for sewer and water development and improvements as described in Note 8. Unexpended fees and interest of \$1,124,756 are being held in a PTIF account.

Bond assessments are restricted until they are needed to meet debt service requirements. As of December 31, 2006, unexpended assessments were \$77,395.

Some patrons have paid off all of their future sewer assessments early. These prepaid amounts are restricted until they are needed in the future. As of December 31, 2006, the balance of prepaid sewer assessments was \$78,419.

**NOTE 3 – ECONOMIC DEPENDENCY**

Twin Creeks Special Service District is economically dependent on the water sales, sewer collection, and wastewater treatment services it provides within its boundaries. The District received ninety-three (93) percent of its revenues from these services.

**TWIN CREEKS  
SPECIAL SERVICE DISTRICT**  
A COMPONENT UNIT OF WASATCH COUNTY

**Notes to Financial Statements**

December 31, 2006

**NOTE 4 – SPECIAL ASSESSMENT RECEIVABLES AND DEFERRED REVENUE**

Governmental accounting principles require that special assessment revenue be recognized when the underlying event has occurred (levy) and demand for payment is made (billing). Therefore, the District has recorded \$1,026,046 of deferred revenue since billings for these assessments have not yet been made.

See Note 5 for additional information regarding the special assessment bonds. The amount billed equaled \$274,396 for the year ending December 31, 2006.

**NOTE 5 – LONG-TERM DEBT**

**Long-term Liabilities**

Descriptions of the long-term debt are as follows:

*Water Revenue Bonds Series 1996*

During 1996, the District issued Water Revenue Bonds. The bonds in the amount of \$1,877,000 are due in annual principal installments ranging from \$1,000 to \$333,000 beginning in 1998 and going through March 1, 2026. The bonds accrue interest at 3% per annum, payable annually on March 1 of each year.

*Sewer Revenue Bonds Series 1999*

During 1999, the District issued Sewer Revenue Bonds. The bonds in the amount of \$147,184 are due in annual principal installments ranging from \$11,184 to \$19,000 beginning in 2000 and going through August 1, 2009. The bonds accrue interest at rates ranging from 5.25% to 5.95%. Interest is payable annually on August 1 of each year.

*Sewer Assessment Bonds Series 1999*

During 1999, the District issued Sewer Assessment Bonds, Series 1999. The bonds in the amount of \$1,835,371 are due in annual principal installments ranging from \$139,547 to \$234,469 beginning in 2000 and going through May 1, 2009. The bonds accrue interest at rates ranging from 5.55% to 6.00%. Interest is payable annually on May 1 of each year.

**TWIN CREEKS  
SPECIAL SERVICE DISTRICT**  
A COMPONENT UNIT OF WASATCH COUNTY

**Notes to Financial Statements**

December 31, 2006

**NOTE 5 – LONG-TERM DEBT (CONTINUED)**

**Long-term Liabilities (Continued)**

*Water Revenue Bonds Series 2004A*

During 2004, the District issued Water Revenue Bonds. The bonds in the amount of \$500,000 are due in annual principal installments of \$5,000 beginning March 1, 2005 and going through March 1, 2034. The bonds carry a 0% interest rate and 70% of the principal amount owed is forgiven by the issuer as and at the time bond funds are drawn.

*Special Improvement District Sewer Assessment Bonds Series 2004-1*

During 2004, the District issued Special Improvement District (SID) Sewer Assessment Bonds. The bonds in the amount of \$487,000 are due in annual principal installments ranging from \$24,000 to \$25,000 through December 1, 2024. The bonds carry a 0% interest rate.

*Notes Payable*

During 2004, the District purchased a truck. The District financed \$17,548 at an annual percentage rate of 6.99%. Payments of \$543 are due monthly beginning February 14, 2005, and continuing for 36 months. The note is secured by the truck.

The District's long-term liabilities for the year ended December 31, 2006 are as follows:

	Balance 12/31/2005	Additions	Reductions	Balance 12/31/2006	Due Within One Year
<b>Revenue Bonds</b>					
Revenue Bonds	\$ 2,038,000		\$ (38,000)	\$ 2,000,000	\$ 43,000
Special Assessment Bonds	1,324,000		(221,000)	1,103,000	232,775
Total bonds payable, net	3,362,000		(259,000)	3,103,000	275,775
<b>Other Liabilities</b>					
Deferred assessment revenue	1,248,071		(222,025)	1,026,046	155,380
Note payable	12,186		(5,407)	6,779	6,244
Compensated absences	5,202			5,202	
Total long-term liabilities	\$ 4,627,459	\$ -0-	\$ (486,432)	\$ 4,141,027	\$ 437,399

**TWIN CREEKS  
SPECIAL SERVICE DISTRICT**  
A COMPONENT UNIT OF WASATCH COUNTY

**Notes to Financial Statements**

December 31, 2006

**NOTE 5 – LONG-TERM DEBT (CONTINUED)**

**Annual Debt Service Requirements**

The District's annual requirements to meet their debt obligation payments to maturity are as follows:

Year ending December 31	Principal	Interest	Total Obligation
2007	\$ 282,019	\$ 97,414	\$ 379,433
2008	293,732	83,091	376,823
2009	312,028	67,998	380,026
2010	63,000	51,900	114,900
2011	68,000	50,880	118,880
2012-2016	429,000	233,400	662,400
2017-2021	613,000	180,600	793,600
2022-2026	1,009,000	94,800	1,103,800
2027-2031	25,000		25,000
2032-2036	15,000		15,000
Total debt	3,109,779	860,083	3,969,862
Less: current portion	(282,019)	(97,414)	(379,433)
Net noncurrent debt	<u>\$ 2,827,760</u>	<u>\$ 762,669</u>	<u>\$ 3,590,429</u>

**NOTE 6 – RELATED PARTIES**

**Wasatch County**

During 2006, the District reimbursed Wasatch County for health insurance premiums paid on behalf of District employees and some operational expenses such as postage and telephone usage. Reimbursements to the County for the year ending December 31, 2006 totaled \$29,292. No amounts were still owed as of year end. The District is a component unit of Wasatch County.

**Wasatch County Special Service Area #1 (WCSSA#1)**

During 2006, the District purchased a 2002 Dodge truck from WCSSA#1 for \$16,500. No amounts were still owed as of year end. The District and WCSSA#1 are both component units of Wasatch County and are governed by the same board members.



**TWIN CREEKS  
SPECIAL SERVICE DISTRICT**  
A COMPONENT UNIT OF WASATCH COUNTY

**Notes to Financial Statements**

December 31, 2006

**NOTE 7 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2006 is as follows:

	Balance 12/31/2005	Additions	Deletions	Balance 12/31/2006
Capital assets, not being depreciated				
Land	\$ 67,941			\$ 67,941
Easements	141,085			141,085
Water rights	3,828,389			3,828,389
Construction in process	53,671	\$ 275		53,946
Total capital assets, not being depreciated	4,091,086	275		4,091,361
Capital assets, being depreciated				
Water treatment plant	2,376,078			2,376,078
Sewer system	3,250,202			3,250,202
Water system	1,543,225	37,003		1,580,228
Vehicles	63,288	16,500		79,788
Equipment	134,035		\$ (36,977)	97,058
Office equipment	7,401		(2,251)	5,150
Total capital assets, being depreciated	7,374,229	53,503	(39,228)	7,388,504
Less accumulated depreciation				
Water treatment plant	467,275	47,834		515,109
Sewer system	351,764	65,004		416,768
Water system	95,987	31,439		127,426
Vehicles	44,180	5,239		49,419
Equipment	94,565	2,944	(5,405)	92,104
Office equipment	5,798	475	(1,186)	5,087
Total accumulated depreciation	1,059,569	152,935	(6,591)	1,205,913
Net depreciable assets	6,314,660	(99,432)	(32,637)	6,182,591
Capital assets, net	<u>\$ 10,405,746</u>	<u>\$ (99,157)</u>	<u>\$ (32,637)</u>	<u>\$ 10,273,952</u>

**NOTE 8 – IMPACT FEE REVENUE**

The District has assessed a sewer impact fee of \$3,731 per equivalent residential unit, and a water impact fee of \$5,887 per equivalent residential unit, for developments wishing to participate in the services of the District.

**TWIN CREEKS  
SPECIAL SERVICE DISTRICT  
A COMPONENT UNIT OF WASATCH COUNTY**

**Notes to Financial Statements**

December 31, 2006

**NOTE 8 – IMPACT FEE REVENUE (CONTINUED)**

As permitted by §11-36-102(16) of the Utah Impact Fees Act, water impact fees for the building permits issued on Cobblestone lots have been reduced from \$5,887 to \$4,770 in order to provide the developer with a dollar-for-dollar impact fee credit for fifty-percent of their cost of constructing and installing a water line which represents system improvements.

**NOTE 9 – RETIREMENT PLANS**

**State Retirement**

The District contributes to the Local Governmental Noncontributory Retirement System and the 401(k) Defined Contribution System for qualifying employees. These retirement systems are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide retirement benefits, annual cost of living adjustment, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the *Utah Code* Annotated 1953 (Chapter 49) as amended which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and Plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

The District was required to contribute 11.09% through June 2006, and 11.59% thereafter of annual covered salary on behalf of participants in the Local Governmental Noncontributory Retirement System. Also, the District was required to contribute 2.44% through June 2006, and 1.94% thereafter of their covered employees' annual salaries for members in the 401(k) Plan Defined Contribution System. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

**TWIN CREEKS  
SPECIAL SERVICE DISTRICT**  
A COMPONENT UNIT OF WASATCH COUNTY

**Notes to Financial Statements**

December 31, 2006

**NOTE 9 – RETIREMENT PLANS (CONTINUED)**

The District's contributions have been as follows:

	2006	2005	2004
Local Governmental - Noncontributory	\$ 13,637	\$ 13,588	\$ 10,525
401(k) Plan	2,610	2,990	3,189
Total District contributions	<u>\$ 16,247</u>	<u>\$ 16,578</u>	<u>\$ 13,714</u>

The contributions were equal to the required contributions for the year.

**Cafeteria**

The District offers a cafeteria plan to all employees to fund health insurance benefits.

**NOTE 10 – NET ASSETS**

Net assets at December 31, 2006 consisted of the following:

Invested in capital assets, net of related debt	
Property, plant, and equipment, net	\$ 10,313,483
Less: outstanding debt issued to construct capital assets	<u>(3,085,852)</u>
Total invested in capital assets, net of related debt	<u>\$ 7,227,631</u>
Restricted net assets	
Restricted for contractual agreement	<u>\$ 79,863</u>
Restricted for sewer and water development and improvements	<u>1,125,912</u>
Restricted for debt service	437,130
Outstanding debt issued to construct capital assets	<u>(23,927)</u>
Restricted for debt service, net of related debt	<u>413,203</u>
Total restricted net assets	<u>\$ 1,618,978</u>
Unrestricted net assets (deficit)	<u>\$ (48,100)</u>
Total net assets	<u>\$ 8,798,509</u>

## **ADDITIONAL AUDITORS' REPORTS AND SCHEDULES**

These additional reports are required by *Government Auditing Standards* and the Utah State Auditor's Office, respectively.



# HAWKINS CLOWARD & SIMISTER

CERTIFIED PUBLIC ACCOUNTANTS, LC

DAVID A. CLOWARD, CPA  
KEVIN L. SIMISTER, CPA  
O. JEFFERY WILDE, CPA  
MARK D. WHITTAKER, CPA  
DENTON R. ALEXANDER, CPA  
D. ERIC NUTTALL, CPA  
MARK L. HALE, CPA  
BRUCE D. GARFIELD, CPA  
CLINT L. PETERSON, CPA  
ANGELA ANDERSON, CPA

RICHARD E. HAWKINS, CPA  
KEITH T. BORUP, CPA  
RONALD K. HAWKINS, CPA

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Administrative Board Members  
Twin Creeks Special Service District  
Heber City, Utah

We have audited the financial statements of Twin Creeks Special Service District as of and for the year ended December 31, 2006, and have issued our report thereon dated May 25, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Twin Creeks Special Service District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements

that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies described in the accompanying Schedule of Audit Findings as items 06-1, 06-2, and 06-3 to be significant deficiencies in internal control over financial reporting.

A material weakness is significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above are a material weakness.

#### **COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether Twin Creeks Special Service District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Twin Creeks Special Service District's responses to the findings identified in our audit are described in the accompanying Schedule of Audit Findings. We did not audit the District's responses, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management and the Utah State Auditor's Office, and is not intended to be and should not be used by anyone other than these specified parties.

*Hawkins Cloward & Simister, LC*

HAWKINS CLOWARD & SIMISTER, LC

CERTIFIED PUBLIC ACCOUNTANTS

May 25, 2007

**TWIN CREEKS  
SPECIAL SERVICE DISTRICT  
A COMPONENT UNIT OF WASATCH COUNTY**

**Schedule of Audit Findings**

December 31, 2006

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unqualified opinion on the financial statements of Twin Creeks Special Service District.
2. There were three reportable conditions relating to the audit of the financial statements as reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. There were no instances of noncompliance or other matters required to be reported under *Government Auditing Standards*.

**B. FINDINGS – FINANCIAL AUDIT CURRENT YEAR**

**06-1 Finding: Capitalization Policy**

While conducting the audit we noted that invoices for engineering services related to the construction of the District's capital assets and invoices for the purchase of capital assets were being expensed.

**Recommendation:**

We recommend all invoices be reviewed and coded to the correct account according to the District's capitalization policy prior to being entered into the Accounts Payable subsidiary ledger.

**District's Response:**

We agree with the finding and will implement the recommendation, insofar as possible.

**06-2 Finding: Authorization of Payroll**

While conducting the audit we noted that many timecards were missing the supervisor's signature.

**Recommendation**

We recommend the District review all timecards for required signatures prior to processing payroll to ensure payroll has been properly authorized.

**District's Response**

We agree with the finding and will implement the recommendation, insofar as possible.

**06-3 Finding: Debt Payments Posted Incorrectly**

While conducting the audit we noted that debt service payments were being posted to incorrect accounts. Also, in some cases, the payments were not allocated between principle and interest payments.

**Recommendation:**

We recommend all invoices be reviewed and coded to the correct account prior to being entered into the Accounts Payable subsidiary ledger. We recommend the District review the amortization schedules for each payment prior to coding to ensure proper allocation between principle and interest.

**District's Response:**

We agree with the finding and will implement the recommendation, insofar as possible.

**C. CURRENT YEAR STATUS OF PRIOR YEAR FINDINGS**

None





# HAWKINS CLOWARD & SIMISTER

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DAVID A. CLOWARD, CPA  
KEVIN L. SIMISTER, CPA  
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## UTAH STATE COMPLIANCE REPORT BASED ON THE REQUIREMENTS, SPECIAL TESTS AND PROVISIONS REQUIRED BY THE STATE OF UTAH'S LEGAL COMPLIANCE AUDIT GUIDE

Honorable Administrative Board Members  
Twin Creeks Special Service District  
Heber City, Utah

We have audited the financial statements of Twin Creeks Special Service District for the year ended December 31, 2006, and have issued our report thereon dated May 25, 2007. Our audit included test work on the District's compliance with the following compliance requirements identified in the State of Utah Legal Compliance Audit Guide:

- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Special Districts
- Other General Compliance Issues
- Impact Fees and Other Development Fees

The District did not receive any State grants during the year ended December 31, 2006.

The management of the Twin Creeks Special Service District is responsible for the District's compliance with all requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above. There were no prior year instances of noncompliance.

In our opinion, Twin Creeks Special Service District complied, in all material respects, with the general compliance requirements identified above for the year ended December 31, 2006.

This report is intended solely for the information and use of management and the Utah State Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties.

*Hawkins Cloward + Simister, LC*

HAWKINS CLOWARD & SIMISTER, LC

CERTIFIED PUBLIC ACCOUNTANTS

May 25, 2007

**TWIN CREEKS  
SPECIAL SERVICE DISTRICT**  
A COMPONENT UNIT OF WASATCH COUNTY  
**Schedule of Water Impact Fee Activities**  
December 31, 2006

2002	
Project expenditures	\$ (87,496)
2002 impact fees collected	75,935
Interest earned	980
Over usage 2002	<u>(10,581)</u>
2003	
Project expenditures	(67,215)
2002 impact fees over usage	(10,581)
2003 impact fees collected	142,103
Interest earned	855
Unexpended 2003	<u>65,162</u>
2004	
Project expenditures	(71,267)
2003 impact fees used	65,162
2004 impact fees collected	214,869
Interest earned	2,383
Unexpended 2004	<u>211,147</u>
2005	
Project expenditures	(171,204)
2004 impact fees used	171,204
2005 impact fees collected	321,740
Interest earned	8,879
Unexpended 2004	39,943
Unexpended 2005	330,619
Total unexpended	<u>370,562</u>
2006	
Project expenditures	(102,594)
2004 impact fees used	39,943
2005 impact fees used	62,651
2006 impact fees collected	379,169
Interest earned	27,282
Unexpended 2005	267,968
Unexpended 2006	406,451
Total unexpended	<u>\$ 674,419</u>

It is anticipated the unexpended impact fees will be used to make improvements to the water lines, to expand the water treatment facility, and to improve wells.

**TWIN CREEKS  
SPECIAL SERVICE DISTRICT  
A COMPONENT UNIT OF WASATCH COUNTY  
Schedule of Sewer Impact Fee Activities  
December 31, 2006**

<b>2002</b>	
2001 balance forward	\$ 67,632
Project expenditures	(56,522)
2002 impact fees collected	<u>36,730</u>
Unexpended 2001	11,110
Unexpended 2002	<u>36,730</u>
Total unexpended	<u>47,840</u>
 <b>2003</b>	
Project expenditures	(19,570)
2001 impact fees used	11,110
2002 impact fees used	8,460
2003 impact fees collected	<u>69,012</u>
Unexpended 2002	28,270
Unexpended 2003	<u>69,012</u>
Total unexpended	<u>97,282</u>
 <b>2004</b>	
Project expenditures	(23,560)
2002 impact fees used	23,560
2004 impact fees collected	<u>55,305</u>
Unexpended 2002	4,710
Unexpended 2003	69,012
Unexpended 2004	<u>55,305</u>
Total unexpended	<u>129,027</u>
 <b>2005</b>	
Project expenditures	(45,994)
2002 impact fees used	4,710
2003 impact fees used	41,284
2005 impact fees collected	<u>133,473</u>
Unexpended 2003	27,728
Unexpended 2004	55,305
Unexpended 2005	<u>133,473</u>
Total unexpended	<u>216,506</u>
 <b>2006</b>	
Project expenditures	(29,140)
2003 impact fees used	27,728
2004 impact fees used	1,412
2006 impact fees collected	244,754
2006 interest earned	<u>18,217</u>
Unexpended 2004	53,893
Unexpended 2005	133,473
Unexpended 2006	<u>262,971</u>
Total unexpended	<u>\$ 450,337</u>

It is anticipated that the unexpended impact fees will be used for bond payments and additional infrastructure costs.